SENATE MOTION

MR. PRESIDENT:

I move that Engrossed House Bill 1004 be amended to read as follows:

Page 10, line 23, delete "residential" and insert "**business**".
Page 13, line 16, delete "residential" and insert "**business**".
Page 31, line 32, reset in roman "through".
Page 31, line 32, delete "and thereafter" and insert "**2002**".
Page 31, line 33, after "2004" insert "**2003**".
Page 31, line 33, reset in roman "and thereafter".
Page 31, line 33, after "4%" insert "**20%**".
Page 33, line 10, delete ":".
Page 33, line 10, reset in roman "means".
Page 33, line 11, delete "(1) before January 1, 2003, refers to".
Page 33, line 12, delete "; and" and insert ".".
Page 33, run in lines 10 through 12.
Page 33, delete lines 13 through 19.
Page 33, line 34, after "levy"" insert ", **for purposes of IC 6-3.5,**".
Page 38, line 13, strike "total county tax levy".
Page 38, line 13, delete "and the".
Page 38, line 16, strike "total county tax levy (as defined".
Page 38, line 17, strike "in section 2(g) of this chapter)".
Page 38, line 17, delete "and".
Page 38, line 22, delete "thirty-nine".
Page 38, line 22, strike "percent".
Page 38, line 22, delete "(39%)".
Page 38, line 22, strike "of the total county tax".
Page 38, line 23, strike "levy".
Page 38, line 23, delete "and".
Page 38, line 26, strike "total".
Page 38, line 27, strike "county tax levy," and insert "**general school operating levies,**".
Page 38, line 40, strike "amounts under".
Page 38, line 41, strike "section 2(g)(1)(A) and 2(g)(2) of this chapter".

Page 38, line 41, delete "and the".

Page 39, line 17, after "from the" insert "**school account, the**".

Page 39, line 17, after "business account" insert "**,**".

Page 39, between lines 20 and 21, begin a new paragraph and insert:

"**(b) Before January 1, 2003, none of the money in the school account of the property tax replacement fund shall be transferred to the county treasurer distribution account. After December 31, 2002, the amount transferred from the school account must be equal to the distributions attributable to the sum of the following:**

(1) One hundred percent (100%) of the general school operating levies payable that year by taxpayers, including one hundred percent (100%) of each county's general school operating levy of taxes payable with respect to the assessments for taxes payable in a particular year with respect to mobile homes that are assessed under IC 6-1.1-7.

(2) Part of the distribution attributable to the total amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. The amount under this subdivision is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the general school operating levy that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of the amount under section 4(a)(1) of this chapter that is attributable to the taxing district; by

(ii) the STEP ONE amount.

STEP THREE: Multiply:

(i) the STEP TWO quotient; by

(ii) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.".

Page 39, line 21, delete "(b)" and insert "**(c)**".

Page 39, delete lines 29 through 42, begin a new line blocked left and insert:

"**After December 31, 2002, none of the money in the business account of the property tax replacement fund shall be transferred to the county treasurer distribution account.**".

Page 40, delete lines 1 through 22.

Page 40, line 33, delete "sum of the following:".

Page 40, line 34, delete "(1) The".

Page 40, run in lines 33 through 34.

Page 40, delete lines 37 through 42.

Page 41, delete lines 1 through 23.

Page 41, line 27, after "from the" insert "**school account, the**".

Page 41, line 27, after "business account" insert "**,**".

Page 41, line 31 after "from the" insert "**school account, the**".

Page 41, line 31, after "business account" insert "**,**".

Page 41, line 38, delete ":".

Page 41, line 39, delete "(1)".

Page 41, line 39, delete ";" and insert "**.**".

Page 41, delete lines 40 through 42.

Page 42, delete lines 1 through 2.

Run in page 41, line 38 through page 42, line 3.

Page 42, line 30, delete "thirty-nine" and insert "**one hundred**".

Page 42, line 30, delete "(39%)" and insert "**(100%)**".

Page 42, line 30, strike "total".

Page 42, line 31, strike "county tax levy" and insert "**general school operating levies**".

Page 42, line 33 reset in roman "plus".

Page 42, delete lines 34 through 35.

Page 42, line 36, reset in roman "(3)".

Page 42, line 36, delete "(4)".

Page 42, line 42, strike "amounts".

Page 43, line 1, strike "under section 2(g)(1)(A) and 2(g)(2) of this chapter".

Page 43, line 1, delete "and the".

Page 43, line 23, strike "total county tax levy" and insert "**general school operating levies**".

Page 43, line 40, after "from the" insert "**county treasurer distribution account of the**".

Page 44, line 1, after "to the" insert "**county treasurer distribution account of the**".

Page 45, line 8, delete "sum of".

Page 45, line 8, delete "thirty-nine" and insert "**one hundred**".

Page 45, line 9, delete "(39%)" and insert "**(100%)**".

Page 45, line 9, delete "the total".

Page 45, delete line 10.

Page 45, line 11, delete "(as defined in this section) for".

Page 45, line 23, strike "total county tax levy".

Page 45, line 23, delete "or".

Page 45, line 32, strike "2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D),".

Page 45, strike line 33 and insert "**2(j)(1)(A), 2(j)(1)(B), or 2(j)(1)(C)**".

Page 45, line 34, strike "total county levy." and insert "**general school operating levies.**".

Page 45, line 36, delete "thirty-nine" and insert "one hundred".

Page 45, line 37, delete "(39%)" and insert "**(100%)**".

Page 45, line 38, delete "levies other than".

Page 45, line 39, delete "for assessments for general school".

Page 45, line 40, delete "operating levies".

Page 46, line 3, reset in roman "4(a)(3)".

Page 46, line 4, delete "4(a)(4)".

Page 47, strike lines 12 through 13.

Page 47, line 14, strike "distributed from the".

Page 47, line 14, delete "business account and residential account of the".

Page 47, strike lines 15 through 16.

Page 47, line 17, strike "of the board there are surplus funds available in the".

Page 47, line 17, delete "business account".

Page 47, line 18, delete "and residential account of the".

Page 47, line 18, strike "fund for the increased distribution. The".

Page 47, strike lines 19 through 23.

Page 47, line 24, strike "(c)" and insert "**(b)**".

Page 47, line 42, strike "(d)" and insert "**(c)**".

Page 49, line 34, after "14." insert "**(a)**".

Page 49, line 35, before "business" insert "**school account, the**".

Page 49, line 35, after "business account" insert "**,**".

Page 49, line 36, delete "or pay a refund payable".

Page 49, line 37, delete "or".

Page 49, line 38, delete "pay the refund".

Page 49, between lines 39 and 40, begin a new paragraph and insert:

"**(b) If:**

(1) the aggregate amount of actual refunds payable in a calendar year under section 13 of this chapter exceeds the estimated amount used in section 13 of this chapter to calculate the refund factor; and

(2) insufficient money is available in the business account of the property tax replacement fund to make all the refunds payable for that calendar year under section 13 of this chapter;

the department may pay the refunds from money in the interest account of the property tax replacement fund.".

Page 53, line 15, strike "amounts under".

Page 53, line 16, strike "IC 6-1.1-21-2(g)(A) and IC 6-1.1-21-2(g)(2)".

Page 53, line 16, delete "and the".

Page 53, delete lines 20 through 27, begin a new line double block indented and insert:

"(A) that part of ~~twenty~~ **one hundred** percent ~~(20%)~~ **(100%)** of the county's ~~total county tax levy~~ **general school operating levies (as defined in IC 6-1.1-21-2)** as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by".

Page 54, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 36. IC 6-2.1-1-0.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 0.7. This article applies only to a taxpayer that is a public utility company.**

SECTION 37. IC 6-2.1-1-2 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. (a) Except as expressly provided in this article, "gross income" means all the gross receipts a taxpayer receives:

(1) from trades, businesses, or commerce;

(2) as admission fees or charges;

(3) from the sale, transfer, or exchange of property, real or personal, tangible or intangible;

(4) from the performance of contracts;

(5) as prizes or premiums;

(6) from insurance policies;

(7) as damages or judgments;

(8) from the investment of capital, including interest, discounts, rentals, royalties, dividends, fees, and commissions;

(9) from the surrender, sale, transfer, exchange, redemption of, or distribution upon, stock of corporations or associations; and

(10) from any other source not specifically described in this subsection.

(b) Except as provided in IC 6-2.1-4, no deductions from a taxpayer's gross income may be taken for return of capital invested, cost of property sold, cost of materials used, labor costs, interest, discounts, commissions paid or credited, losses, or any other expense paid or credited.

(c) The term "gross income" does not include:

(1) the receipt or repayment of borrowed money;

(2) receipts from the issuance or redemption of bonds;

(3) amounts received as payment of the principal amount of a note taken in lieu of cash if:

(A) the face value of the note was included in the taxpayer's gross income at the time of acceptance;

(B) the note was taken before May 1, 1933; or

(C) the note is a renewal of a note that was taken before May 1, 1933;

(4) amounts received in payment of, or from the sale of, a promissory note or retail installment contract described in subsection (f) of this section to the extent the gross income tax has previously been paid for the receipt of the promissory note or retail installment contract;

(5) amounts received as withdrawal of deposits to the extent they constitute principal;

(6) gross receipts received by corporations incorporated under the laws of Indiana from a trade or business situated and regularly carried on at a legal situs outside Indiana or from activities incident to such trade or business (including the disposal of capital assets or other properties which were acquired and used in such trade or business);

~~(7) that part of a commission received by a real estate broker that is paid within five (5) days of the receipt of the commission to a~~

~~cooperating broker or to an associated broker or salesman;~~

~~(8)~~ **(7)** amounts received by a corporation or a division of a corporation owned, operated, or controlled by its member electric cooperatives as payment from the electric cooperatives for electrical energy to be resold to their member-owner consumers;

~~(9) amounts received by an association of members or a corporation as:~~

~~(A) regularly paid dues, initiation fees, or membership fees paid for social membership; and~~

~~(B) amounts paid to the organization by members if:~~

~~(i) the organization is organized not for profit;~~

~~(ii) such amounts are payable upon the death of a member and do not exceed one dollar ($1) payable by each surviving member at the death of any one (1) member;~~

~~(iii) the number of members who are permitted to make such payments does not exceed one thousand seven hundred (1,700) at any one (1) time;~~

~~(iv) the total amount paid to the beneficiary of any one (1) deceased member does not exceed one thousand dollars ($1,000); and~~

~~(v) the amounts received are only for the purpose of paying reasonable expenses of the organization and payments to beneficiaries of deceased members;~~

~~(10)~~ **(8)** amounts received as the corpus of an outright gift, devise, or bequest;

~~(11)~~ **(9)** cash discounts allowed and taken on sales;

~~(12)~~ **(10)** goods, wares, or merchandise, or the value thereof, returned by customers if the sale price is refunded either in cash or by credit;

~~(13)~~ **(11)** judgments for income that are not taxable under this article;

~~(14)~~ **(12)** the receipt of capital by a corporation, partnership, firm, or joint venture from the sale of stock or shares in such corporation, partnership, firm, or joint venture, or contributions to the capital thereof;

~~(15)~~ **(13)** the gross receipts represented by the value of real or tangible personal property received in reciprocal exchange for real or tangible personal property of like kind by and between the owners of the property to the extent of the value of the property or the interest therein of which title is surrendered;

~~(16)~~ **(14)** the gross receipts represented by the value of stock of a corporation or association received in a reciprocal exchange by and between the owners of the stock (including the issuing corporation or association) for stock in the same corporation or association to the extent of the value of the stock or the interest therein of which title is surrendered;

~~(17)~~ **(15)** the gross receipts represented by the value of bonds or similar securities issued by a corporation or association received in a reciprocal exchange by and between the owners of the bonds or securities (including the issuing corporation or association) for bonds or similar securities issued by the same corporation or association to the extent of the value of such bonds or similar securities or the interest therein of which title is surrendered;

~~(18)~~ **(16)** the gross receipts represented by the value of stocks, bonds, or other securities received in a reciprocal exchange by and between the owners of the stocks, bonds, or other securities for other stocks, bonds, or other securities to the extent title is surrendered, if the exchange is made in the course of a consolidation, merger, or other reorganization and the stock, bonds, or other securities received are issued by one (1) or more corporations or associations that are each a party to the reorganization;

~~(19)~~ **(17)** the gross receipts represented by the value of stocks, bonds, or other securities received in a reciprocal exchange by and between the owners thereof of substantially all of the assets of another corporation if the exchange is made in the course of a consolidation, merger, or other reorganization and the stocks, bonds, or other securities received are issued by one (1) or more corporations or associations that are each a party to the reorganization; **and**

~~(20) in the case of insurance carriers, amounts that become or are used to maintain a reserve or other policy liability, to the extent the reserve or other policy liability is required to be maintained by the state of Indiana;~~

~~(21) in the case of domestic insurance carriers, premium income that is derived from business conducted outside Indiana on which the domestic carrier pays a premium tax of one percent (1%) or more; and~~

~~(22)~~ **(18)** amounts received by a joint agency established under IC 8-1-2.2 that constitutes a payment by a municipality that is a member of the joint agency for electrical energy that will be sold by the municipality to retail customers.

(d) The exclusion provided by clause (6) of subsection (c) does not apply to any receipts of a taxpayer received as interest or dividends, from sales, other receipts from investments not acquired or disposed of in connection with the taxpayer's regular business, or to bonuses or commissions received by any taxpayer.

(e) The exclusion provided by subsection ~~(c) clause (14)~~ **(c)(12)** does not apply to proceeds that are derived from subsequent transactions in stock of such corporations or organizations or in the interest or shares of the members of any organization.

(f) The face amount of a retail installment contract or promissory note that is derived from the selling, providing, repairing, working with or on, or servicing of any personal property, or any combination of the foregoing, is includable in a taxpayer's gross income upon receipt. However, any part of a retail installment contract or promissory note that represents insurance premiums or consideration which the retail buyer contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time is includable in a taxpayer's gross income when received.

(g) For purposes of this section:

(1) "Exchange" means the transfer of title or ownership by means of a transaction involving the barter or swap of property acquired prior to the exchange, by and between the owners of that property, with or without additional consideration. However, the term "exchange" does not include:

(A) any sale of property even though other property is purchased with the proceeds of the sale;

(B) any barter or swap of property where there are more than two (2) parties to the transaction; or

(C) any transaction where the property exchanged is acquired by one (1) party to the transaction as a result of negotiation or arrangement with the other party with the intent of effectuating an exchange of the property so acquired.

(2) "Like kind" means property of the same class and kind and has no reference to the grade or quality of such property.

SECTION 38. IC 6-2.1-1-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 9.5. "Public utility company" means any of the following:**

(1) A light, heat, or power company (as defined in IC 6-1.1-8-2).

(2) A pipe line company (as defined in IC 6-1.1-8-2).

(3) A telephone, telegraph, or cable company (as defined in IC 6-1.1-8-2).

(4) A water distribution company (as defined in IC 6-1.1-8-2).

SECTION 39. IC 6-2.1-1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 10. "Receipts", as applied to a taxpayer, means the gross income in cash, notes, credits, or other property that is received by the taxpayer or a third party, including any limited liability company that is not itself a taxpayer (as defined in ~~IC 6-2.1-1-16(27)),~~ **IC 6-2.1-1-16(22)),** for the taxpayer's benefit.

SECTION 40. IC 6-2.1-1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 16. "Taxpayer" means any:

(1) assignee;

(2) receiver;

(3) commissioner;

(4) fiduciary;

(5) trustee;

(6) institution;
(7) national bank;
(8) bank;
(9) consignee;
(10) firm;
(11) partnership;
(12) joint venture;
(13) pool;
(14) syndicate;
(15) bureau;
(16) association;
(17) cooperative association;
~~(18) society;~~
~~(19) club;~~
~~(20) fraternity;~~
~~(21) sorority;~~
~~(22) lodge;~~
~~(23)~~ **(18)** corporation;
~~(24)~~ **(19)** municipal corporation;
~~(25)~~ **(20)** political subdivision of the state of Indiana or the state of Indiana, to the extent engaged in private or proprietary activities or business;
~~(26)~~ **(21)** trust;
~~(27)~~ **(22)** limited liability company (other than a limited liability company that has a single member and is disregarded as an entity for federal income tax purposes); or
~~(28)~~ **(23)** other group or combination acting as a unit;

that is a public utility company.

SECTION 41. IC 6-2.1-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. (a) An income tax, known as the gross income tax, is imposed upon the receipt of:

(1) the entire taxable gross income of a taxpayer who is a resident or a domiciliary of Indiana; and
(2) the taxable gross income derived from activities or businesses or any other sources within Indiana by a taxpayer who is not a resident or a domiciliary of Indiana.

(b) The receipt of taxable gross income is subject to the applicable rate of tax fixed under section 3 of this chapter. ~~The rate of tax is determined by the type of transaction from which the taxable gross income is received.~~

SECTION 42. IC 6-2.1-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. ~~(a) The receipt of gross income from transactions described in section 4 of this chapter is subject to a tax rate of three-tenths of one percent (0.3%).~~

~~(b)~~ The receipt of gross income from transactions described in section 5 of this chapter is subject to a tax rate of one and two-tenths percent (1.2%).".

Page 54, line 41, delete "Sixty-five percent (65%)" and insert "**Eighty-five percent (85%)**".

Page 55, delete lines 1 through 3.

Page 55, line 4, delete "(3) Twenty-two percent (22%)" and insert "**(2) Fifteen percent (15%)**".

Page 55, delete lines 7 through 42, begin a new paragraph and insert:

"SECTION 44. IC 6-2.1-8-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. (a) A county recorder may not record or accept for recording any deed or other instrument of conveyance which transfers any interest in real estate **of a public utility company,** unless:

(1) the county treasurer has stamped the deed or other instrument, as required by section 5 of this chapter; or

(2) an affidavit, signed by the seller or grantor, which certifies that no gross income tax is due on the transfer of the interest in the real estate, accompanies the deed or other instrument of conveyance.

(b) When a county recorder accepts an affidavit described in subsection (a), he shall tax and collect the recording fee prescribed in IC 36-2-7-10.

(c) The failure of any deed or other instrument of conveyance to be:

(1) accompanied by an affidavit described in subsection (a); or

(2) stamped in compliance with section 5 of this chapter;

does not affect the validity of the notice given by the recording of such deed or instrument.

SECTION 45. IC 6-2.1-8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 7. (a) **This section applies only to a proceeding involving a public utility company.**

(b) No court may allow or approve any final report or account of a receiver, trustee in dissolution, trustee in bankruptcy, commissioner appointed for the sale of real estate, or any other officer acting under the authority and supervision of a court, unless the account or final report shows, and the court finds, that all gross income tax due has been paid, and that all gross income tax which may become due is secured by bond, deposit, or otherwise.

~~(b)~~ **(c)** A fiduciary described in subsection **(b) in a proceeding described in subsection** (a) shall provide proof to a court that all gross income tax has been paid, and that any required security has been provided. The fiduciary shall request the department to issue a certificate of clearance certifying that all gross income tax which is due and payable has been paid and that any required security has been provided. The certificate shall be issued by the department within thirty (30) days after request. When issued, the certificate is conclusive proof that no gross income tax is due and that any required security has been provided.

~~(c)~~ **(d)** If the department fails to issue a certificate of clearance under subsection ~~(b)~~ **(c)** within thirty (30) days after request, a fiduciary may provide evidence to a court which demonstrates that no gross income tax is due and that any required security has been provided. Upon approval by the court, such evidence is conclusive proof of payment of the tax imposed by this article.

~~(d)~~ **(e)** Any gross income tax liability owed by a fiduciary is a preferred claim and has priority over all other claims except claims for judicial costs and costs of administration.

SECTION 46. IC 6-2.2 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

ARTICLE 2.2. BUSINESS ACTIVITY FEE

Chapter 1. Application

Sec. 1. Except as provided in IC 6-2.2-3 (exempt entities), this article applies to all business entities doing business in Indiana in a taxable year.

Sec. 2. The entities to which this article applies include the following:

(1) Corporations.
(2) S corporations (as defined in Section 1361 of the Internal Revenue Code).
(3) Partnerships.
(4) Limited partnerships.
(5) Limited liability partnerships.
(6) Limited liability companies.
(7) Business trusts (as defined in IC 23-5-1-2).

Sec. 3. For purposes of this article, each business entity is treated as a separate entity regardless of the extent to which the business entity is owned or controlled by another business entity or whether the business entity is taxed for federal income tax purposes.

Sec. 4. A business entity shall not be treated as doing business in Indiana solely because it has an ownership interest in an entity described in section 2 of this chapter that is doing business in Indiana.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

Sec. 3. "Adjusted net worth" means the net worth of a business entity remaining after subtracting exemptions allowed under IC 6-2.2-5 and any deductions allowed under IC 6-2.2-6.

Sec. 4. "Business entity" means any legal entity, regardless of form or place of formation, that engages in doing business in Indiana in a taxable year.

Sec. 5. "Department" refers to the department of state revenue.

Sec. 6. "Doing business" means owning, renting, or operating business or income producing property or engaging in other business or income producing activity.

Sec. 7. "Exempt entity" refers to an entity described in IC 6-2.2-3.

Sec. 8. "Net worth" refers to the net worth of a business entity as determined under IC 6-2.2-5.

Sec. 9. "Taxable adjusted gross income" refers to taxable adjusted gross income determined under IC 6-2.2-8.

Sec. 10. "Taxable net worth" means the adjusted net worth of a business entity that is attributed to Indiana under IC 6-2.2-7.

Sec. 11. "Taxable year" means the taxable year of a taxpayer determined under IC 6-2.2-4.

Sec. 12. "Taxpayer" means a business entity that is not an exempt entity.

Chapter 3. Exempt Entities

Sec. 1. Notwithstanding any other law, the only exemptions from this article are the exemptions provided by this chapter.

Sec. 2. An individual is exempt from this article.

Sec. 3. The estate of a deceased individual is exempt from this article.

Sec. 4. The following governmental or quasi-governmental entities are exempt from this article:

(1) The United States government.
(2) The state of Indiana, another state, or an Indian tribe (as defined in IC 34-6-2-66.7).
(3) A political subdivision.
(4) A body corporate and politic that is an instrumentality of a governmental entity described in subdivisions (1) through (3), including a state educational institution (as defined in IC 20-12-0.5-1).
(5) A business entity that is wholly owned by a governmental entity described in subdivisions (1) through (3), including a municipally owned utility (as defined in IC 8-1-2-1).

Sec. 5. An organization that is exempt for federal income tax purposes under Section 501(a) of the Internal Revenue Code is exempt from this article, regardless of whether the organization has unrelated business income that is taxable for federal income tax purposes.

Sec. 6. A company (as defined in IC 27-1-2-3) is exempt from this article.

Sec. 7. The following are exempt from this article:

(1) A holding company (as defined in IC 6-5.5-1-17).
(2) A regulated financial corporation (as defined in IC 6-5.5-1-17).

Sec. 8. A trust (as described in IC 30-4-1-1) other than a business trust (as defined in IC 23-5-1-2) is exempt from this article.

Sec. 9. The following political organizations are exempt from this article:

(1) A bona fide political party (as defined in IC 3-5-2-5.5).

(2) A candidate's committee (as defined in IC 3-5-2-7).

(3) A central committee (as defined in IC 3-5-2-8).

(4) A regular party committee (as defined in IC 3-5-2-42).

(5) A political action committee (as defined in IC 3-5-2-37).

(6) A legislative caucus committee (as defined in IC 3-5-2-27.3).

Sec. 10. A public utility company (as defined in IC 6-1.1-8-2) that is subject to the gross income tax under IC 6-2.1 is exempt from this article.

Chapter 4. Accounting Practices

Sec. 1. A taxpayer's taxable year under this article is the year that a taxpayer uses for its annual financial statements. If a taxpayer does not prepare annual financial statements, the taxpayer's taxable year under this article is a calendar year.

Sec. 2. Subject to this article, if a taxpayer prepares its annual financial statements using generally accepted accounting principles applicable to the United States, or another entity includes the financial results of the taxpayer in consolidated financial statements prepared in accordance with generally accepted accounting principles applicable to the United States, the taxpayer shall compute the taxpayer's taxable net worth and any credits allowed against the business activity fee using generally accepted accounting principles applicable to the United States. If generally accepted accounting principles allow more than one (1) method of accounting for the net worth of a taxpayer, the taxpayer shall use for purposes of this article the same method of accounting that the taxpayer uses to prepare the taxpayer's annual financial statements.

Sec. 3. If section 2 of this chapter does not apply, the taxpayer shall compute the taxpayer's taxable net worth and any credits using:

(1) the same method of accounting that the taxpayer uses for filing a return for federal income tax purposes; or

(2) if the taxpayer does not file a return for federal income tax purposes, a method of accounting consistent with the requirements of Section 446 of the Internal Revenue Code.

Sec. 4. The taxable net worth of a taxpayer for a taxable year is the taxable net worth of the taxpayer on the last day immediately preceding the beginning of the taxpayer's taxable year.

Chapter 5. Net Worth

Sec. 1. The net worth of a taxpayer is the greater of the following:

(1) The difference between the taxpayer's total assets and the taxpayer's total liabilities.

(2) Zero (0).

Sec. 2. Notwithstanding any other law, none of the net worth of a taxpayer is exempt from taxation under this article.

Chapter 6. Deductions

Sec. 1. Notwithstanding any other law, the only deductions allowable against the net worth of a taxpayer are the deductions allowed by this chapter.

Sec. 2. A taxpayer may deduct the book value of the taxpayer's ownership interest that the taxpayer has in another business entity from the net worth of the taxpayer if:

(1) the taxpayer's ownership interest constitutes at least twenty percent (20%) of the total ownership of the business entity; and

(2) the value of the taxpayer's ownership interest in the other business entity would otherwise be included in the net worth of the taxpayer.

A deduction shall be allowed under this section only to the extent that the deduction does not result in a business activity fee for the taxpayer in a taxable year that is less than two thousand five hundred dollars ($2,500).

Chapter 7. Apportionment of Net Worth

Sec. 1. The taxable net worth of a taxpayer is equal to the adjusted net worth of the taxpayer multiplied by an apportionment factor.

Sec. 2. The apportionment factor for a taxpayer that is doing business only in Indiana is one (1).

Sec. 3. (a) The apportionment factor for a taxpayer that is doing business both in Indiana and outside Indiana is a fraction.

(b) Subject to this chapter, the numerator of the fraction is the sum of the property factor, payroll factor, and receipts factor determined under this chapter.

(c) Subject to this chapter, the denominator of the fraction is three (3). However, if the taxpayer lacks one (1) of the factors applicable to the numerator, the denominator is two (2), and if the taxpayer lacks more than one (1) of the factors applicable to the numerator, the denominator is one (1).

(d) Nonbusiness receipts or property may not be excluded from the numerator or denominator computed under this chapter.

Sec. 4. (a) The property factor is a fraction.

(b) The numerator of the property factor fraction is the average value of the taxpayer's real and tangible personal property owned or rented and used in Indiana during the immediately preceding taxable year.

(c) The denominator of the property factor fraction is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the immediately preceding taxable year.

(d) Property owned by the taxpayer is valued at its original cost.

(e) Property rented by the taxpayer is valued at eight (8) times

the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

(f) The average value of property shall be determined by averaging the values at the beginning and end of the taxpayer's immediately preceding taxable year, but the department may require the averaging of monthly values during the immediately preceding taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

Sec. 5. (a) The payroll factor is a fraction.

(b) The numerator of the payroll fraction is the total amount paid in Indiana during the immediately preceding taxable year by the taxpayer for compensation.

(c) The denominator of the payroll fraction is the total compensation paid everywhere during the immediately preceding taxable year.

(d) Compensation is paid in Indiana if:

(1) the individual's service is performed entirely in Indiana;

(2) the individual's service is performed both in and outside Indiana but the service performed outside Indiana is incidental to the individual's service in Indiana; or

(3) some of the service is performed in Indiana and:

(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in Indiana; or

(B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of Indiana.

Sec. 6. (a) The receipts factor is a fraction.

(b) The numerator of the receipts factor fraction is the total receipts of the taxpayer in Indiana during the immediately preceding taxable year.

(c) The denominator of the receipts factor fraction is the total receipts of the taxpayer everywhere during the immediately preceding taxable year.

Sec. 7. (a) The receipts factor includes receipts from intangible property and receipts from the sale or exchange of intangible property.

(b) Receipts from intangible personal property are derived from sources in Indiana if the receipts from the intangible personal property are attributable to Indiana under section 8 of this chapter.

(c) Sales of tangible personal property are in Indiana if:

(1) the property is delivered or shipped to a purchaser, other than the United States government, in Indiana, regardless of the f.o.b. point or other conditions of the sale; or

(2) the property is shipped from an office, a store, a

warehouse, a factory, or other place of storage in Indiana and:

(A) the purchaser is the United States government; or

(B) the taxpayer is not taxable, as determined under section 10 of this chapter, in the state of the purchaser.

(d) Gross receipts derived from commercial printing that results in printed materials, excluding the business of photocopying, shall be treated as receipts of tangible personal property for purposes of this chapter.

(e) Receipts other than receipts from intangible property covered by subsection (b) and receipts of tangible personal property are in Indiana if:

(1) the activity producing the receipts is performed in Indiana; or

(2) the activity producing the receipts is performed both in and outside Indiana and a greater proportion of the activity producing the receipts is performed in Indiana than in any other state, based on costs of performance.

Sec. 8. (a) Interest and other receipts from assets in the nature of loans or installment receipts contracts that are primarily secured by or deal with real or tangible personal property are attributable to Indiana if the security or sale property is located in Indiana.

(b) Interest and other receipts from consumer loans not secured by real or tangible personal property are attributable to Indiana if the loan is made to a resident of Indiana, whether at a place of business, by a traveling loan officer, by mail, by telephone, or by other electronic means.

(c) Interest and other receipts from commercial loans and installment obligations not secured by real or tangible personal property are attributable to Indiana if the proceeds of the loan are to be applied in Indiana. If it cannot be determined where the funds are to be applied, the receipts are attributable to the state in which the business applied for the loan. As used in this section, "applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first.

(d) Interest, merchant discount, and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees are attributable to the state to which the card charges and fees are regularly billed.

(e) Receipts from the performance of fiduciary and other services are attributable to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one (1) state, the receipts from those benefits are attributable to Indiana on a pro rata basis according to the part of the benefits consumed in Indiana.

(f) Receipts from the issuance of traveler's checks, money orders, or United States savings bonds are attributable to the state in which the traveler's checks, money orders, or bonds are purchased.

(g) Receipts in the form of dividends from investments are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

Sec. 9. (a) Receipts from rents and royalties from real or tangible personal property, sale of capital assets, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income (as defined in IC 6-3-1-21), are attributed as provided in this section.

(b) Receipts from net rents and royalties from real property located in Indiana are attributable to Indiana.

(c) Receipts from net rents and royalties from tangible personal property are attributed to Indiana:

(1) if and to the extent that the property is used in Indiana; or

(2) in their entirety if the taxpayer's commercial domicile is in Indiana and the taxpayer is not organized under the laws of or taxable in the state in which the property is used.

(d) The extent of use of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction. The numerator of the fraction is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year. The denominator of the fraction is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or not ascertainable by the taxpayer, tangible personal property is used in the state in which the property was located at the time the rental or royalty payer obtained possession.

(e) Receipts from the sales of real property located in Indiana are attributable to Indiana.

(f) Receipts from sales of tangible personal property are attributable to Indiana if:

(1) the property had a situs in Indiana at the time of the sale; or

(2) the taxpayer's commercial domicile is in Indiana and the taxpayer is not taxable in the state in which the property had a situs as determined under section 10 of this chapter.

(g) Receipts from intangible personal property are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

(h) Receipts from interest and dividends are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

(i) Patent and copyright royalties are attributable to Indiana:

(1) if and to the extent that the patent or copyright is used by the taxpayer in Indiana; or

(2) if and to the extent that the patent or copyright is used by

the taxpayer in a state in which the taxpayer is not taxable as determined under section 10 of this chapter and the taxpayer's commercial domicile is in Indiana.

A patent is used in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of use, the patent is used in the state in which the taxpayer's commercial domicile is located. A copyright is used in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of use, the copyright is used in the state in which the taxpayer's commercial domicile is located.

Sec. 10. For purposes of apportionment of income or receipts under this chapter, a taxpayer is taxable in another state if:

(1) in that state the taxpayer is subject to a franchise tax measured by net worth, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) that state has jurisdiction to subject the taxpayer to a net worth tax regardless of whether, in fact, the state does or does not.

Sec. 11. (a) The property factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) Fixed properties such as buildings and land used in business, shop, and terminal equipment and trucks or cars used locally or any other tangible property connected with the transportation business is assigned to the state in which the properties are located.

(2) The value of all movable equipment used in interstate transportation is assigned to Indiana on the basis of total miles traveled in Indiana as compared with total miles traveled everywhere.

(3) Fixed and movable property is combined to arrive at the total property factor: Indiana property over property everywhere.

Property owned by the transportation company is valued at original cost. Property rented is valued at eight (8) times the annual rental rate less any annual subrental.

(b) The payroll factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) Wages and salaries of employees assigned to fixed locations in Indiana are included in the payroll factor of Indiana.

(2) Wages of personnel operating interstate transportation equipment are assigned to Indiana on the basis of total miles

traveled in Indiana as compared to total miles traveled everywhere.

(3) The payroll of permanent and transient personnel is combined to arrive at the total payroll factor: Indiana payroll over payroll everywhere.

(c) The receipts factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) The total revenue dollars from transportation (both intrastate and interstate) are assigned to the states traversed on the basis of class or category mileage in each state in which or through which the freight or passengers move.

(2) Pipelines may substitute revenue miles with barrel miles, cubic foot miles, or other appropriate measures of product movement.

(3) In order to determine the percentage of revenue from transportation services in Indiana, the fraction of revenue miles in Indiana over revenue miles everywhere must be applied to total revenue from transportation.

Chapter 8. Taxable Adjusted Gross Income

Sec. 1. For purposes of this article, the taxable adjusted gross income of a taxpayer in a taxable year is equal to the adjusted gross income of the taxpayer for the taxable year as adjusted by this chapter.

Sec. 2. A taxpayer shall be treated as having taxable adjusted gross income for a taxable year under this chapter, even if the taxpayer does not have adjusted gross income tax due under IC 6-3 for that taxable year or the business entity is a pass through entity that is not obligated to pay adjusted gross income tax under IC 6-3.

Sec. 3. (a) This section applies to a member of an affiliated group as determined under IC 6-3-4-14.

(b) A taxpayer shall compute taxable adjusted gross income separately for the business entity as if the taxpayer were not part of an affiliated group. IC 6-3-4-14 (consolidated returns) does not apply to this article.

Sec. 4. (a) This section applies both to business income (as defined in IC 6-3-1-20) and nonbusiness income (as defined in IC 6-3-1-21).

(b) Only adjusted gross income derived from sources in Indiana, as determined under IC 6-3-2, shall be treated as adjusted gross income under this chapter.

Sec. 5. Notwithstanding any other law, only the deductions allowed by this chapter may be deducted from adjusted gross income to determine taxable adjusted gross income under this chapter.

Chapter 9. Business Activity Fee

Sec. 1. An excise tax is imposed on a taxpayer in each taxable year in which the taxpayer is doing business in Indiana.

Sec. 2. The tax imposed under section 1 of this chapter is for the

privilege of doing business in Indiana in a taxable year regardless of the number of days in a taxable year that the taxpayer is actually doing business in Indiana.

Sec. 3. If the taxable net worth of the taxpayer is less than fifty thousand dollars ($50,000) the tax imposed by this chapter in a taxable year is zero (0).

Sec. 4. If:

(1) the taxable adjusted gross income of a taxpayer in the immediately preceding taxable year was not greater than zero (0); and

(2) the taxable net worth of the taxpayer is greater than fifty thousand dollars ($50,000) and is not greater than one million dollars ($1,000,000);

the tax imposed under this chapter in a taxable year is fifty dollars ($50).

Sec. 5. If:

(1) the adjusted gross income of a taxpayer in the immediately preceding taxable year was greater than zero dollars ($0); and

(2) the taxable net worth of the taxpayer is greater than fifty thousand dollars ($50,000) and is not greater than five hundred thousand dollars ($500,000);

the tax imposed under this chapter in a taxable year is fifty dollars ($50).

Sec. 6. (a) This section applies if sections 3, 4, and 5 of this chapter do not apply to the taxpayer and the taxpayer does not take a deduction under IC 6-2.2-6-2.

(b) The tax imposed under section 1 of this chapter is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Multiply the taxpayer's taxable net worth by three-thousandths (0.003).

STEP TWO: Determine the greater of the following:

(A) Fifty dollars ($50).

(B) The STEP ONE result.

STEP THREE: Determine the lesser of the following:

(A) Two hundred fifty thousand dollars ($250,000).

(B) The STEP TWO result.

Sec. 7. (a) This section applies if sections 3, 4, and 5 of this chapter do not apply to the taxpayer and the taxpayer takes a deduction under IC 6-2.2-6-2.

(b) The tax imposed by section 1 of this chapter is equal to the result determined under the following formula:

STEP ONE: Multiply the taxpayer's taxable net worth, without any deduction under IC 6-2.2-6-2, by three-thousandths (0.003).

STEP TWO: If the STEP ONE result is not greater than fifty dollars ($50), the tax imposed under section 1 of this chapter is fifty dollars ($50).

STEP THREE: If the STEP ONE result is greater than fifty dollars ($50) and not greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is the STEP ONE result.

STEP FOUR: If the STEP ONE result is greater than two thousand five hundred dollars ($2,500), multiply the taxpayer's net worth, after subtracting the deduction under IC 6-2.2-6-2, by three-thousandths (0.003).

STEP FIVE: If the STEP FOUR result is not greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is two thousand five hundred dollars ($2,500).

STEP SIX: If the STEP FOUR result is greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is equal to the lesser of the following:

(A) Two hundred fifty thousand dollars ($250,000).

(B) The STEP FOUR result.

Chapter 10. Credits

Sec. 1. Notwithstanding any other law, the only credits allowable against the tax due under this article are the credits allowed under this chapter.

Sec. 2. A taxpayer is eligible for a credit against the tax imposed under this article for payments made under:

(1) IC 27-6-8-15;

(2) IC 27-8-8-16;

(3) IC 27-8-10-2.1; or

(4) IC 27-13-18-2;

by a member of an affiliated group (as defined in Section 1504 of the Internal Revenue Code) of which the taxpayer is a member.

Chapter 11. Payment of Fees; Final Returns

Sec. 1. A taxpayer shall file the return prescribed by the department for each taxable year that the taxpayer is doing business in Indiana regardless of whether the taxpayer has any tax due.

Sec. 2. The return must contain the information that the department may require by rule, including any detailed information that may be necessary to determine the taxpayer's tax liability under this article.

Sec. 3. Subject to IC 6-8.1-6-1, a return for a taxable year must be filed before the sixteenth day of the fourth month of the taxpayer's taxable year.

Sec. 4. Subject to IC 6-8.1-6-1, a taxpayer shall pay the tax imposed under this article for a taxable year before the sixteenth day of the fourth month of the taxpayer's taxable year.

Chapter 12. Administration

Sec. 1. Money collected under this article shall be deposited in the state general fund.

Sec. 2. The department may prescribe forms and adopt rules

under IC 4-22-2 to carry out this article and collect the tax imposed by this article.

Sec. 3. The department may require a taxpayer to provide information concerning any licenses and registrations that the taxpayer has in Indiana.

Sec. 4. The department may require a taxpayer to notify the department concerning any change in its method of accounting or taxable year.

Sec. 5. The tax imposed under this article is a listed tax.

Chapter 13. Penalties

Sec. 1. The penalties in IC 6-8.1 apply to this article.

Sec. 2. If a taxpayer:

(1) fails to:

(A) file a notice, an information report, or a return; or

(B) pay the amount of the tax due;

as required under this article and IC 6-8.1; and

(2) within ninety (90) days after receiving written notice of a failure described in subdivision (1), fails to comply with this article and pay any penalty imposed under IC 6-8.1 for failure to comply with this article;

the department may suspend the taxpayer's privilege of doing business in Indiana for the remainder of the taxable year in which the failure occurred and for any subsequent taxable year. Notice of the suspension must be given under IC 4-21.5-3-4.

Sec. 3. A taxpayer may obtain administrative review of a suspension under section 2 of this chapter under IC 4-21.5-3-7 and judicial review of a final determination of the department under IC 4-21.5-5. Judicial review shall be initiated by filing a petition in the tax court. The tax court has exclusive jurisdiction over the review.

Sec. 4. Except during any time that an order suspending a taxpayer's privilege of doing business in Indiana is stayed under IC 4-21.5:

(1) a taxpayer whose privilege of doing business in Indiana has been suspended under this chapter is ineligible to enforce any right or power accruing to the taxpayer after the taxpayer receives written notice from the department that the taxpayer's privilege of doing business in Indiana has been suspended; and

(2) any contract entered into by the taxpayer after the taxpayer has received written notice that the taxpayer's privilege of doing business in Indiana has been suspended is voidable by any other party to the contract.

Sec. 5. If:

(1) the department suspends a taxpayer's privilege of doing business or a stay of an order suspending the taxpayer's privilege of doing business in Indiana is terminated; and

(2) the department knows that the taxpayer is required by any

law to obtain a license or register with any state agency or political subdivision to engage in doing business;

the department shall notify the state agency or political subdivision that the taxpayer's privilege of doing business in Indiana has been suspended. Upon receipt of the notification, the state agency or political subdivision shall suspend the license or the rights accruing from registration issued by the state agency or political subdivision.

Sec. 6. An order suspending the privilege of doing business in Indiana may be rescinded if the taxpayer:

(1) complies with this article; and

(2) pays the penalties imposed under IC 6-8.1 for violation of this article.

Sec. 7. If an order suspending a taxpayer's privilege of doing business in Indiana is rescinded or stayed, the department shall notify each state agency and political subdivision described in section 5 of this chapter of the action. Upon receipt of the notice, each state agency and political subdivision shall reinstate any license or rights accruing from registration if the taxpayer otherwise qualifies for the license or registration and the taxpayer pays any fees imposed to reinstate the license or registration.".

Delete pages 56 through 61.

Page 62, delete lines 1 through 26, begin a new paragraph and insert:

"SECTION 47. IC 6-2.5-1-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 10. "Commercial printing" means a process or activity, or both, that is related to the production of printed materials for others, including the following:**

(1) Receiving, processing, moving, storing, and transmitting, either physically or electronically, copy elements and images to be reproduced.

(2) Plate making or cylinder making.

(3) Applying ink by one (1) or more processes, such as printing by letter press, lithography, gravure, screen, or digital means.

(4) Casemaking and binding.

(5) Assembling, packaging, and distributing printed materials.

The term does not include the business of photocopying.".

Page 63, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 49. IC 6-2.5-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. (a) For purposes of this section:

(1) the retreading of tires shall be treated as the processing of tangible personal property; and

(2) commercial printing ~~as described in IC 6-2.1-2-4~~ shall be treated as the production and manufacture of tangible personal

property.

(b) Transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

SECTION 50. IC 6-2.5-5-5.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing. ~~as described in IC 6-2.1-2-4.~~

SECTION 51. IC 6-2.5-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for incorporation as a material part of other tangible personal property which the purchaser manufactures, assembles, refines, or processes for sale in his business. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing. ~~as described in IC 6-2.1-2-4.~~

SECTION 52. IC 6-2.5-5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 21. (a) **For purposes of this section, "private benefit or gain" does not include reasonable compensation paid to an employee for work or services actually performed.**

(b) Sales of food are exempt from the state gross retail tax, if:

(1) the seller ~~is an organization described in IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **meets the filing requirements under subsection (d) and is any of the following:**

(A) A fraternity, a sorority, or a student cooperative housing organization that is connected with and under the supervision of a college, a university, or any other educational institution if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(B) Any:

(i) institution;

(ii) trust;

(iii) group;

(iv) united fund;

(v) affiliated agency of a united fund;
(vi) nonprofit corporation;
(vii) cemetery association; or
(viii) organization;

that is organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(C) A group, an organization, or a nonprofit corporation that is organized and operated for fraternal or social purposes, or as a business league or association, and not for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(D) A:
(i) hospital licensed by the state department of health;
(ii) shared hospital services organization exempt from federal income taxation by Section 501(c)(3) or 501(e) of the Internal Revenue Code;
(iii) labor union;
(iv) church;
(v) monastery;
(vi) convent;
(vii) school that is a part of the Indiana public school system;
(viii) parochial school regularly maintained by a recognized religious denomination; or
(ix) trust created for the purpose of paying pensions to members of a particular profession or business who created the trust for the purpose of paying pensions to each other;

if the taxpayer is not organized or operated for private profit or gain;

(2) the purchaser is a person confined to his home because of age, sickness, or infirmity;
(3) the seller delivers the food to the purchaser; and
(4) the delivery is prescribed as medically necessary by a physician licensed to practice medicine in Indiana.

~~(b)~~ **(c)** Sales of food are exempt from the state gross retail tax, if the seller is an organization described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22~~ **subsection (b)(1),** and the purchaser is a patient in a hospital operated by the seller.

(d) To obtain the exemption provided by this section, a taxpayer must file an application for exemption with the department:
(1) before January 1, 2003, under IC 6-2.1-3-19 (repealed); or
(2) not later than one hundred twenty (120) days after the taxpayer's formation.

In addition, the taxpayer must file an annual report with the

department on or before the fifteenth day of the fifth month following the close of each taxable year. If a taxpayer fails to file the report, the department shall notify the taxpayer of the failure. If within sixty (60) days after receiving such notice the taxpayer does not provide the report, the taxpayer's exemption shall be canceled. However, the department may reinstate the taxpayer's exemption if the taxpayer shows by petition that the failure was due to excusable neglect.

SECTION 53. IC 6-2.5-5-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 22. (a) Sales of school meals are exempt from the state gross retail tax, if:

(1) the seller is a school containing students in any grade, one (1) through twelve (12);
(2) the purchaser is one (1) of those students or a school employee; and
(3) the school furnishes the food on its premises.

(b) Sales of food by not-for-profit colleges or universities are exempt from the state gross retail tax, if the purchaser is a student at the college or university.

(c) Sales of meals after December 31, 1976, by a fraternity, sorority, or student cooperative housing organization described in ~~IC 6-2.1-3-19~~ **section 21(b)(1)(A) of this chapter** are exempt from the state gross retail tax, if the purchaser:

(1) is a member of the fraternity, sorority, or student cooperative housing organization; and
(2) is enrolled in the college, university, or educational institution with which the fraternity, sorority, or student cooperative housing organization is connected and by which it is supervised.

SECTION 54. IC 6-2.5-5-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 24. (a) Transactions are exempt from the state gross retail tax to the extent that the gross retail income from those transactions is derived from gross receipts that are: ~~exempt from the gross income tax under IC 6-2.1-3-2, IC 6-2.1-3-3.5, IC 6-2.1-3-5, IC 6-2.1-3-6, IC 6-2.1-3-7, or IC 6-2.1-3-13.~~

(1) derived from sales to the United States government, to the extent the state is prohibited by the Constitution of the United States from taxing that income;
(2) derived from commercial printing that results in printed materials, excluding the business of photocopying, that are shipped, mailed, or delivered outside Indiana;
(3) United States or Indiana taxes received or collected as a collecting agent explicitly designated as a collecting agent for a tax by statute for the state or the United States;
(4) collections by a retail merchant of a retailer's excise tax imposed by the United States exempt tax if:
(A) the tax is imposed solely on the sale at retail of tangible

personal property;
(B) the tax is remitted to the appropriate taxing authority; and
(C) the retail merchant collects the tax separately as an addition to the price of the property sold;
(5) collections of a manufacturer's excise tax imposed by the United States on motor vehicles, motor vehicle bodies and chassis, parts and accessories for motor vehicles, tires, tubes for tires, or tread rubber and laminated tires, if the excise tax is separately stated by the collecting taxpayer as either an addition to or an inclusion in the price of the property sold; or
(6) amounts represented by an encumbrance of any kind on tangible personal property received by a retail merchant in reciprocal exchange for tangible personal property of like kind.

(b) Transactions are exempt from the state gross retail tax to the extent that the gross retail income from those transactions is derived from gross receipts that are: ~~exempt from the gross income tax under IC 6-2.1-3-1 or IC 6-2.1-3-3.~~
(1) interest or other earnings paid on bonds or other securities issued by the United States, to the extent the Constitution of the United States prohibits the taxation of that income; or
(2) derived from business conducted in commerce between the state and either another state or a foreign country, to the extent the state is prohibited from taxing that gross income by the Constitution of the United States.

SECTION 55. IC 6-2.5-5-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 25. (a) Transactions involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:
(1) is an organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**
(2) primarily uses the property or service to carry on or to raise money to carry on ~~the~~ **its** not-for-profit purpose; ~~for which it receives the gross income tax exemption;~~ and
(3) is not an organization operated predominantly for social purposes.

(b) Transactions occurring after December 31, 1976, and involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:
(1) is a fraternity, sorority, or student cooperative housing organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-19;~~ **described in section 21(b)(1)(A) of this chapter;** and
(2) uses the property or service to carry on its ordinary and usual

activities and operations as a fraternity, sorority, or student cooperative housing organization.

SECTION 56. IC 6-2.5-5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 26. (a) Sales of tangible personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**

(2) the organization makes the sale to make money to carry on ~~the~~ **a** not-for-profit purpose; ~~for which it receives its gross income tax exemption;~~ and

(3) the organization does not make those sales during more than thirty (30) days in a calendar year.

(b) Sales of tangible personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which is granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**

(2) the seller is not operated predominantly for social purposes;

(3) the property sold is designed and intended primarily either for the organization's educational, cultural, or religious purposes, or for improvement of the work skills or professional qualifications of the organization's members; and

(4) the property sold is not designed or intended primarily for use in carrying on a private or proprietary business.

(c) The exemption provided by this section does not apply to an accredited college or university's sales of books, stationery, haberdashery, supplies, or other property.

SECTION 57. IC 6-2.5-6-1, AS AMENDED BY P.L.185-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. (a) Each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars ($1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded one thousand dollars ($1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(c) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering:

(1) a calendar year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed ten dollars ($10); or

(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars ($25).

A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

(d) If a retail merchant reports the merchant's **adjusted** gross income tax, or the tax the merchant pays in place of the **adjusted** gross income tax, over a fiscal year or fiscal quarter not corresponding to the calendar year or calendar quarter, the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal period that corresponds to the calendar period the merchant is permitted to use under subsection (c). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

(e) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

(f) If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds ten thousand dollars ($10,000) the person shall pay the monthly gross retail and use taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

SECTION 58. IC 6-2.5-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. A retail merchant may, without prior departmental approval, report and pay his state gross retail and use taxes on an accrual basis, if he uses the accrual basis to pay and report the **adjusted** gross income tax or the tax imposed on him in place of the **adjusted** gross income tax. The department may, at any time, require the retail merchant to stop using the accrual basis.".

Page 66, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 65. IC 6-2.5-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. The provisions of the **adjusted** gross income tax law ~~(IC 6-2.1),~~ **(IC 6-3),** which do not conflict with the provisions of this article and which deal with any of the following subjects, apply for the purposes of imposing, collecting, and administering the state gross retail and use taxes under this article:

(1) Filing of returns.
(2) Auditing of returns.
(3) Investigation of tax liability.
(4) Determination of tax liability.
(5) Notification of tax liability.
(6) Assessment of tax liability.
(7) Collection of tax liability.
(8) Examination of taxpayer's books and records.
(9) Legal proceedings.
(10) Court actions.
(11) Remedies.
(12) Privileges.
(13) Taxpayer and departmental relief.
(14) Statutes of limitations.
(15) Hearings.
(16) Refunds.
(17) Remittances.
(18) Imposition of penalties and interest.
(19) Maintenance of departmental records.
(20) Confidentiality of taxpayer's returns.
(21) Duties of the secretary of state and the treasurer of state.
(22) Administration.".

Page 66, line 34, delete "eight".

Page 66, line 34, strike "and".

Page 66, line 35, delete "five-tenths" and insert "**nine**".

Page 66, line 35, delete "(8.5%)" and insert "**(9%)**".

Page 66, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 67. IC 6-3-2-2.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2.3. Notwithstanding any other provision of this article, with respect to a person, corporation, or partnership that has contracted with a commercial printer for printing:

(1) the ownership or leasing by that entity of tangible or intangible property located at the Indiana premises of the

commercial printer;

(2) the sale by that entity of property of any kind produced at and shipped or distributed from the Indiana premises of the commercial printer;

(3) the activities of any kind performed by or on behalf of that entity at the Indiana premises of the commercial printer; and

(4) the activities performed by the commercial printer in Indiana for or on behalf of that entity;

shall not cause that entity to have adjusted gross income derived from sources within Indiana for purposes of the taxes imposed by this chapter, ~~and IC 6-3-8,~~ unless that entity engages in other activities in Indiana away from the premises of the commercial printer that exceed the protection of 15 U.S.C. 381.".

Page 67, line 38, after "has" insert "**adjusted**".

Page 68, line 8, after "year" insert ".".

Page 68, line 8, strike "less the credit".

Page 68, strike lines 9 through 10.

Page 68, line 11, strike "with the reporting of gross income tax as provided for in IC 6-2.1-5." and insert "**A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year.**".

Page 68, line 18, delete "business supplemental tax" and insert "~~tax~~ **business activity fee**".

Page 68, line 28, delete "business supplemental".

Page 68, line 28, after "supplemental" strike "tax" and insert "**business activity fee**".

Page 72, line 29, delete "Sixty-five percent (65%)" and insert "**Eighty-five percent (85%)**".

Page 72, line 31, delete "Thirteen percent (13%)" and insert "**Fifteen percent (15%)**".

Page 72, line 32, delete "residential" and insert "**business**".

Page 72, delete lines 34 through 35.

Page 74, line 23, strike "(a)".

Page 74, line 25, delete ".".

Page 74, strike lines 26 through 27.

Page 74, run in lines 25 through 27.

Page 74, line 28, strike "credit for the taxable year".

Page 74, line 29, delete "ten" and insert "**twenty**".

Page 74, line 29, delete "(10%);" and insert "**(20%);**".

Page 74, strike lines 36 through 39.

Page 74, line 40, strike "(2)".

Page 74, line 40, delete "ten".

Page 74, line 40, strike "percent".

Page 74, line 40, delete "(10%)".

Page 74, line 40, strike "multiplied by the remainder of the".

Page 74, strike lines 41 through 42.

Page 75, strike lines 1 through 7.

Page 75, line 18, strike "Notwithstanding the other provisions of this".

Page 75, strike line 19.

Page 75, line 20, strike "research expense incurred after December 31,".

Page 75, line 20, delete "2004.".

Page 86, delete lines 37 through 42.

Delete pages 87 through 88.

Page 89, delete lines 1 through 33.

Page 90, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 110. IC 6-3.5-2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. The following persons are exempt from the employment tax:

(1) the United States;

(2) an agency of the United States;

(3) this state;

(4) an agency of this state;

(5) a political subdivision of this state; and

(6) a taxpayer described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, and IC 6-2.1-3-22.~~ **IC 6-2.5-5-21(b)(1).**

However, employees of such persons are not exempt from the employment tax.".

Page 97, line 10, delete ":".

Page 97, line 11, strike "(1) the gross income tax imposed by IC 6-2.1;".

Page 97, line 11, delete "and".

Page 97, line 12, strike "(2)".

Page 97, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 116. IC 6-6-1.1-1204 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1204. (a) No city, town, county, township, or other subdivision or municipal corporation of the state may levy or collect:

(1) an excise tax on or measured by the sale, receipt, distribution, or use of gasoline; or

(2) an excise, privilege, or occupational tax on the business of manufacturing, selling, or distributing gasoline.

(b) The provisions of subsection (a) may not be construed as to relieve a distributor or dealer from payment of ~~the~~ **a** state ~~gross income~~ tax or state store license.".

Page 99, line 18, delete "supplemental tax" and insert "**activity fee**".

Page 99, line 21, delete "the employer payroll expense tax (IC

6-3.3);".

Page 102, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 124. IC 8-1-2.8-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 24. If the InTRAC meets the requirements of sections 18 and 21 of this chapter, the InTRAC:

(1) for purposes of all taxes imposed by the state or any county or municipality in Indiana is an organization that is organized and operated exclusively for charitable purposes; and

(2) qualifies for all exemptions applicable to those organizations, including but not limited to those exemptions set forth in ~~IC 6-2.1-3-20~~ **IC 6-2.5-5-21(b)(1)(B)** and IC 6-1.1-10-16.

SECTION 125. IC 8-22-2-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 18. (a) Subject to the approval of the fiscal body of the eligible entity, the board may contract with any person for construction, extensions, additions, or improvements of an aircraft hangar or revenue producing building or facility located or to be located on the airport of the entity, the cost of which is to be paid in the manner authorized by this section.

(b) A contract made under this section must be authorized by ordinance providing that the principal and interest of bonds issued for the payment of the cost of the construction, extensions, additions, or improvements shall be paid exclusively from the revenues and receipts of the aircraft hangars or revenue producing buildings or facilities, unless otherwise provided by this section.

(c) The fiscal body must, by ordinance, set aside the income and revenues of the buildings or facilities into a separate fund, to be used in the maintenance and operation and in payment of the cost of the construction, extensions, additions, or improvements. The ordinance must fix:

(1) the proportion of the revenues of the buildings or facilities that is necessary for the reasonable and proper operation and maintenance of them; and

(2) the proportion of the revenues that are to be set aside and applied to the payment of the principal and interest of bonds.

The ordinance may provide for the proportion of the revenues that are to be set aside as an adequate depreciation account.

(d) Whenever the board determines that there exists a surplus in funds derived from the net operating receipts of a municipal airport, then the board may recommend to the fiscal body that a designated amount of the surplus fund be appropriated by special or general appropriation to the "aviation revenue bond account" for the relief of principal or interest of bonds issued under this section. However, this surplus in funds may not include monies raised by taxation.

(e) The fiscal body may issue and sell bonds to provide for the payment of costs of the following:

(1) Airport capital improvements, including the acquisition of real

property.

(2) Construction or improvement of revenue producing buildings or facilities owned and operated by the eligible entity.

(3) Payment of any loan contract.

The fiscal body may issue and sell bonds bearing interest, payable annually or semiannually, executed in the manner and payable at the times not exceeding forty (40) years from the date of issue and at the places as the fiscal body of the entity determines, which bonds are payable only out of the "aviation revenue bond account" fund. The bonds have in the hands of bona fide holders all the qualities of negotiable instruments under law.

(f) In case any of the officers whose signatures or countersignatures appear on the bonds or the coupons ceases to be the officer before the delivery of the bonds to the purchaser, the signature or countersignatures are nevertheless valid and sufficient for all purposes, the same as if he had remained in office until the delivery of the bonds. The bonds and their interest issued against an "aviation revenue bond account" fund and the fixed proportion or amount of the revenues pledged to the fund does not constitute an indebtedness of the entity under the Constitution of Indiana.

(g) Each bond must state plainly upon its face that it is payable only from the special fund, naming the fund and the ordinance creating it, and that it does not constitute an indebtedness of the entity under the Constitution of Indiana. The bonds may be issued either as registered bonds or as bonds payable to bearer. Coupons and bearer bonds may be registered as to principal in the holder's name on the books of the entity, the registration being noted on the bond by the clerk or other designated officer, after which no transfer is valid unless made on the books of the entity by the registered holder and similarly noted on the bonds. Bonds so registered as to principal may be discharged from the registration by being transferred to bearer, after which it is transferable by delivery but may be registered again as to principal. The registration of the bonds as to the principal does not restrain the negotiability of the coupon by delivery, but the coupons may be surrendered and the interest made payable only to the registered holder of the bonds. If the coupons are surrendered, the surrender and cancellation of them shall be noted on the bond and then interest on the bond is payable to the registered holder or order in cash or at his option by check or draft payable at the place or one (1) of the places where the coupons are payable.

(h) The bonds shall be sold in a manner and upon terms that the fiscal body considers in the best interest of the entity.

(i) All bonds issued by an eligible entity under this section are exempt from taxation for all purposes, except that the interest is subject to **adjusted** gross income tax.

(j) In fixing the proportion of the revenues of the building or facility required for operation and maintenance, the fiscal body shall consider the cost of operation and maintenance of the building or facility and may not set aside into the special fund a greater amount or proportion of the revenues and proceeds than are required for the operation and maintenance. The sums set aside for operation and maintenance shall be used exclusively for that purpose, until the accumulation of a surplus results.

(k) The proportion set aside to the depreciation fund, if a depreciation account or fund is provided for under this section, shall be expended in remedying depreciation in the building or facility or in new construction, extensions, additions, or improvements to the property. Accumulations of the depreciation fund may be invested, and the income from the investment goes into the depreciation fund. The fund, and the proceeds of it, may not be used for any other purpose.

(l) The fixed proportion that is set aside for the payment of the principal and interest of the bonds shall, from month to month, as it is accrued and received, be set apart and paid into a special account in the treasury of the eligible entity, to be identified "aviation revenue bond account," the title of the account to be specified by ordinance. In fixing the amount or proportion to be set aside for the payment of the principal and interest of the bonds, the fiscal body may provide that the amount to be set aside and paid into the aviation revenue bond account for any year or years may not exceed a fixed sum, which sum must be at least sufficient to provide for the payment of the interest and principal of the bonds maturing and becoming payable in each year, together with a surplus or margin of ten percent (10%).

(m) If a surplus is accumulated in the operating and maintenance fund that is equal to the cost of maintaining and operating the building or facility for the twelve (12) following calendar months, the excess over the surplus may be transferred by the fiscal body to either the depreciation account to be used for improvements, extensions, or additions to property or to the aviation revenue bond account fund, as the fiscal body designates.

(n) If a surplus is created in the aviation revenue bond account in excess of the interest and principal of bonds, plus ten percent (10%), becoming payable during the calendar, operating, or fiscal year then current, together with the amount of interest or principal of bonds becoming due and payable during the next calendar, operating, or fiscal year, the fiscal body may transfer the excess over the surplus to either the operating and maintenance account, or to the depreciation account, as the fiscal body designates.

(o) All money received from bonds issued under this section shall be applied solely for the purposes listed in subsection (e). There is created a statutory mortgage lien upon buildings or facilities for which bonds are issued in favor of the holders of the bonds and of the coupons of the bonds. The buildings or facilities so constructed, extended, or improved remain subject to the statutory mortgage lien until payment in full of the principal and interest of the bonds.

(p) A holder of the bonds or of the attached coupons may enforce the statutory mortgage lien conferred by this section, and may enforce performance of all duties required by this section of the eligible entity issuing the bond or of any officer of the entity, including:

(1) the making and collecting of reasonable and sufficient rates or rentals for the use or lease of the buildings or facilities, or part of them established for the rent, lease, or use of the buildings or facilities;

(2) the segregation of the revenues from the buildings or facilities; and

(3) the application of the respective funds created by this section.

(q) If there is a default in the payment of the principal or interest of any of the bonds, a court having jurisdiction of the action may appoint an administrator or receiver to administer, manage, or operate the buildings or facilities on behalf of the entity, and the bondholders, with power to:

(1) charge and collect rates or rentals for the use or lease of the buildings or facilities sufficient to provide for the payment of the operating expenses;

(2) pay any bonds or obligations outstanding against the buildings or facilities; and

(3) apply the income and revenues thereof in accord with this section and the ordinance.".

Page 102, line 19, strike "amounts under".

Page 102, strike line 20.

Page 102, line 21, strike "IC 6-1.1-21-2(g)(5)".

Page 102, line 21, delete "and the".

Page 102, delete lines 24 through 30, begin a new line double block indented and insert:

"(A) that part of ~~twenty~~ **one hundred** percent ~~(20%)~~ **(100%)** of the county's ~~total county tax levy~~ **general school operating levies (as defined in IC 6-1.1-21-2)** as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by".

Page 103, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 128. IC 8-23-17-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 32. (a) All amounts paid to displaced persons under this chapter are exempt from taxation under ~~IC 6-2.1 and~~ IC 6-3.

(b) A payment received under this chapter is not considered as income for the purpose of determining the eligibility or extent of eligibility of any person for public assistance under the following:

AFDC assistance.

AFDC burials.

AFDC IMPACT/J.O.B.S.

AFDC-UP assistance.

ARCH.

Blind relief.
Child care.
Child welfare adoption assistance.
Child welfare adoption opportunities.
Child welfare assistance.
Child welfare child care improvement.
Child welfare child abuse.
Child welfare child abuse and neglect prevention.
Child welfare children's victim advocacy program.
Child welfare foster care assistance.
Child welfare independent living.
Child welfare medical assistance to wards.
Child welfare program review action group (PRAG).
Child welfare special needs adoption.
Food Stamp administration.
Health care for indigent (HIC).
ICES.
IMPACT (food stamps).
Title IV-D (ICETS).
Title IV-D child support administration.
Title IV-D child support enforcement (parent locator).
Medicaid assistance.
Medical services for inmates and patients (590).
Room and board assistance (RBA).
Refugee social service.
Refugee resettlement.
Repatriated citizens.
SSI burials and disabled examinations.
Title XIX certification.
Any other Indiana law administered by the division of family and children.".

Page 104, between lines 24 and 25, begin a new paragraph and insert:

"SECTION 130. IC 12-7-2-70 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 70. "Domestic violence prevention and treatment center", for purposes of IC 12-18-3 and IC 12-18-4, means an organized entity:

(1) established by:

(A) a city, town, county, or township; or

(B) an entity exempted from the ~~Indiana~~ gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20;~~ **IC 6-2.5-5-21(b)(1)(B);** and

(2) created to provide services to prevent and treat domestic violence between spouses or former spouses.".

Page 107, between lines 32 and 33, begin a new paragraph and insert:

"SECTION 136. IC 12-18-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 7. A:

(1) city, town, county, or township; or

(2) an entity that is exempted from the ~~Indiana~~ gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20;~~ **IC 6-2.5-5-21(b)(1)(B);**

that desires to receive a grant under this chapter or enter into a contract with the council must apply in the manner prescribed by the rules of the division.

SECTION 137. IC 16-42-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. (a) An organization that is exempt from the ~~Indiana~~ **state** gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20 through IC 6-2.1-3-22~~ **IC 6-2.5-5-21(b)(1)(B), IC 6-2.5-5-21(b)(1)(C), or IC 6-2.5-5-21(b)(1)(D)** and that offers food for sale to the final consumer at an event held for the benefit of the organization is exempt from complying with the requirements of this chapter that may be imposed upon the sale of food at that event if the following conditions are met:

(1) Members of the organization prepare the food that will be sold.

(2) Events conducted by the organization under this section take place for not more than thirty (30) days in a calendar year.

(3) The name of each member who has prepared a food item is attached to the container in which the food item has been placed.

(b) This section does not prohibit an exempted organization from waiving the exemption and applying for a license under this chapter.".

Page 118, between lines 22 and 23, begin a new paragraph and insert:

"SECTION 149. IC 21-5-11-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 14. All property owned by a lessor corporation so contracting with such school corporation or corporations under the provisions of this chapter, and all stock and other securities including the interest or dividends thereon issued by a lessor corporation, shall be exempt from all state, county, and other taxes, ~~including the gross income tax,~~ except, however, the financial institutions tax **(IC 6-5.5)** and inheritance taxes ~~The rental paid to a lessor corporation under the terms of such a contract of lease shall be exempt from the gross income tax.~~ **(IC 6-4.1).**

SECTION 150. IC 25-37-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. Any transient merchant desiring to transact business in any county in this state shall file application for a license for that purpose with the auditor of the county in this state in which such transient merchant desires to do business. The application shall state the following facts:

(a) The name, residence and post-office address of the person, firm, limited liability company, or corporation making the application, and if a firm, limited liability company, or corporation, the name and address of the members of the firm or limited liability company, or officers of the corporation, as the case may be.

(b) If the applicant is a corporation or limited liability company then there shall be stated on the application form the date of incorporation or organization, the state of incorporation or organization, and if the applicant is a corporation or limited liability company formed in a state other than the state of Indiana, the date on which such corporation or limited liability company qualified to transact business as a foreign corporation or foreign limited liability company in the state of Indiana.

(c) A statement showing the kind of business proposed to be conducted, the length of time for which the applicant desires to transact business, and if for the purpose of transacting such business any permanent or mobile building, structure or real estate is to be used for the exhibition by means of samples, catalogues, photographs and price lists or sale of goods, wares or merchandise, the location of such proposed place of business.

(d) A detailed inventory and description of such goods, wares, and merchandise to be offered for sale or sold, the manner in which the same is to be advertised for sale and the representations to be made in connection therewith, the names of the persons from whom the goods, wares, and merchandise so to be advertised or represented were obtained, the date of receipt of such goods, wares, and merchandise by the applicant for the license, the place from which the same were last taken, and any and all details necessary to locate and identify all goods, wares and merchandise to be sold.

(e) Attached to the application shall be a receipt showing that personal property taxes on the goods, wares and merchandise to be offered for sale or sold have been paid.

(f) Attached to the application shall be a copy of a notice, which ten (10) days before said application has been filed, shall have been mailed by registered mail by the applicant to the Indiana department of state revenue. ~~of the state of Indiana or such other department as may be charged with the duty of collecting gross income taxes or other taxes of a comparable nature or which may be in lieu of such gross income taxes.~~ The said notice shall state the precise period of time and location from which said applicant intends to transact business, the approximate value of the goods, wares, and merchandise to be offered for sale or sold, and such other information as the Indiana department of state revenue of the state of Indiana or its successor may request or by regulation require.

(g) Said application shall be verified.".

Page 118, line 27, strike "corporate gross income".

Page 118, line 28, before "adjusted" strike "taxes,".

Page 119, line 9, strike "gross income taxes,".

Page 123, line 33, strike "the gross income tax,".

Page 123, line 39, strike "gross income taxes,".

Page 125, line 2, strike "gross income taxes,".

Page 125, line 3, before "supplemental" delete ",".

Page 125, line 3, strike "or any".

Page 125, line 4, strike "combination of these,".

Page 125, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 155. IC 29-3-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. Except as otherwise determined in a dissolution of marriage proceeding, a custody proceeding, or in some other proceeding authorized by law, including a proceeding under section 6 of this chapter or another proceeding under this article, and unless a minor is married, the parents of the minor jointly (or the survivor if one (1) parent is deceased), if not an incapacitated person, have, without the appointment of a guardian, giving of bond, or order or confirmation of court, the right to custody of the person of the minor and the power to execute the following on behalf of the minor:

(1) Consent to the application of subsection (c) of Section 2032A of the Internal Revenue Code, which imposes personal liability for payment of the tax under that Section.

(2) Consent to the application of Section 6324A of the Internal Revenue Code, which attaches a lien to property to secure payment of taxes deferred under Section 6166 of the Internal Revenue Code.

(3) Any other consents, waivers, or powers of attorney provided for under the Internal Revenue Code.

(4) Waivers of notice permissible with reference to proceedings under IC 29-1.

(5) Consents, waivers of notice, or powers of attorney under any statute, including the Indiana inheritance tax law (IC 6-4.1) ~~the Indiana gross income tax law (IC 6-2.1),~~ and the Indiana adjusted gross income tax law (IC 6-3).

(6) Consent to unsupervised administration as provided in IC 29-1-7.5.

(7) Federal and state income tax returns.

(8) Consent to medical or other professional care, treatment, or advice for the minor's health and welfare.

SECTION 156. IC 34-6-2-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 20. "Charitable entity", for purposes of IC 34-30-5, means any entity exempted from ~~the Indiana~~ **state** gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20.~~ **IC 6-2.5-5-21(b)(1)(B).**".

Page 126, line 33, strike "amounts under".

Page 126, strike line 34.

Page 126, line 35, strike "IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5)".

Page 126, line 35, delete "and the".

Page 126, delete lines 39 through 42, begin a new line double block indented and insert:

"(A) that part of ~~twenty~~ **one hundred** percent ~~(20%)~~ **(100%)** of the county's ~~total county tax levy~~ **general school operating**

levies (as defined in IC 6-1.1-21-2) as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by".

Page 127, delete lines 1 through 3.

Page 131, line 33, strike "amounts under".

Page 131, strike line 34.

Page 131, line 35, strike "IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5)".

Page 131, line 35, delete "and the".

Page 131, delete lines 39 through 42, begin a new line double block indented and insert:

"(A) that part of ~~twenty~~ **one hundred** percent ~~(20%)~~ **(100%)** of the county's ~~total county tax levy~~ **general school operating levies (as defined in IC 6-1.1-21-2)** as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by".

Page 132, delete lines 1 through 3.

Page 134, line 40, strike "amounts under".

Page 134, strike line 41.

Page 134, line 42, strike "IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5)".

Page 134, line 42, delete "and the".

Page 135, delete lines 4 through 10, begin a new line double block indented and insert:

"(A) that part of ~~twenty~~ **one hundred** percent ~~(20%)~~ **(100%)** of the county's ~~total county tax levy~~ **general school operating levies (as defined in IC 6-1.1-21-2)** as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by".

Page 143, line 2, strike "amounts".

Page 143, strike line 3.

Page 143, line 4, strike "IC 6-1.1-21-2(g)(5)".

Page 143, line 4, delete "and the".

Page 143, delete lines 7 through 13, begin a new line double block indented and insert:

"(A) that part of ~~the amount~~ **one hundred percent (100%) of the county's general school operating levies (as defined in IC 6-1.1-21-2) as** determined under ~~IC 6-1.1-21-4(1)~~ **IC 6-1.1-21-4** that is attributable to the taxing district; by".

Page 146, line 16, strike "amounts under".

Page 146, strike line 17.

Page 146, line 18, strike "IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5)".

Page 146, line 18, delete "and the".

Page 146, delete lines 22 through 28, begin a new line double block indented and insert:

"(A) that part of ~~twenty~~ **one hundred** percent ~~(20%)~~ **(100%)** of the county's ~~total county tax levy~~ **general school operating levies (as defined in IC 6-1.1-21-2)** as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by".

Page 149, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 163. IC 36-9-31-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 16. Any security issued in connection with a financing under this chapter the interest on which is excludable from **adjusted** gross income tax is exempt from the registration requirements of IC 23-2-1, or any other securities registration law.".

Page 150, line 24, delete "eight and five-tenths percent (8.5%)" and insert "**nine percent (9%)**".

Page 155, line 37, delete "supplemental tax" and insert "**activity fee**".

Page 157, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 185. [EFFECTIVE JANUARY 1, 2003] **(a) This SECTION applies to a taxpayer that:**

(1) was subject to the gross income tax under IC 6-2.1 before January 1, 2003;

(2) has a taxable year that begins before January 1, 2003, and ends after December 31, 2002; and

(3) is not subject to the gross income tax under IC 6-2.1 after December 31, 2002.

(b) A taxpayer shall file the taxpayer's estimated gross income tax return and pay the taxpayer's estimated gross income tax liability to the department of state revenue as provided in IC 6-2.1-5-1.1 for due dates that occur before January 1, 2004.

(c) Not later than April 15, 2003, a taxpayer shall file a final gross income tax return with the department of state revenue on a form and in the manner prescribed by the department of state revenue. At the time of filing the final gross income tax return, a taxpayer shall pay to the department of state revenue an amount equal to the remainder of:

(1) the total gross income tax liability incurred by the taxpayer for the part of the taxpayer's taxable year that occurred in calendar year 2002; minus

(2) the sum of:

(A) the total amount of gross income taxes that were previously paid by the taxpayer to the department of state revenue for any quarter of that same part of the taxpayer's taxable year; plus

(B) any gross income taxes that were withheld from the taxpayer for that same part of the taxpayer's taxable year under IC 6-2.1-6.".

Page 157, line 15, after "2003]:" insert: "IC 6-2.1-1-0.5; IC 6-2.1-1-0.6; IC 6-2.1-1-3; IC 6-2.1-1-4; IC 6-2.1-1-4.5; IC 6-2.1-1-5; IC 6-2.1-1-6; IC 6-2.1-1-7; IC 6-2.1-1-8; IC 6-2.1-2-1; IC 6-2.1-2-1.2; IC 6-2.1-2-2.5; IC 6-2.1-2-4; IC 6-2.1-2-5; IC 6-2.1-2-6; IC 6-2.1-2-7;

IC 6-2.1-3.5; IC 6-2.1-3-4; IC 6-2.1-3-8; IC 6-2.1-3-19; IC 6-2.1-3-20; IC 6-2.1-3-21; IC 6-2.1-3-22; IC 6-2.1-3-23; IC 6-2.1-3-27; IC 6-2.1-3-28; IC 6-2.1-3-30; IC 6-2.1-3-31; IC 6-2.1-3-34; IC 6-2.1-3-35; IC 6-2.1-4.5; IC 6-2.1-8-4;".

Page 157, after line 15, begin a new paragraph and insert:

"SECTION 155. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to EHB 1004 as printed February 22, 2002.)

Senator SIMPSON